



OFFICE MEMORANDUM

DATE: August 1, 1996

TO: District Field Engineers
Resident/Project Engineers

FROM: Paul F. Miller
Engineer of Construction

SUBJECT: **CONSTRUCTION INSTRUCTIONAL MEMORANDUM 1996-7**
REDUCTION IN RESERVE REQUEST
SUPERSEDES CONSTRUCTION INSTRUCTIONAL MEMORANDUM
1986-29 DATED SEPTEMBER 25, 1986

The Specifications under Partial Payments (1.09.08A 1990 Specifications and 1.09.06 1996 Specifications) provides for reducing the retainage to a lump sum amount when the project has been completed, accepted, and upon Department approval.

This provision is to expedite the payment of the reduction in reserve request. The following action by the contractor and the project personnel will provide for this action taking place as soon as possible.

1. **Contractor's Documented Request**

The contractor is responsible for requesting, in writing to the Resident/Project Engineer, that the reserve be reduced to a lump sum and identify the amount of the lump sum retainage. The contractor is also responsible for providing the consent of surety and affidavit to the MDOT Financial Services Division, Contract payment unit.

2. **Resident/Project Engineer's Action**

- A. Verify that the project has been completed and final acceptance of the project has been made and evaluate the amount of lump sum request.
- B. If liquidated damages are being assessed, do not reduce the reserve below the amount unless an authorization has been processed charging the liquidated damages.
- C. Make sure that no overpayment of any quantities has been made. This situation is most likely to occur when estimated quantities have been made against plan quantities and the final quantities have yet to be determined by acceptable methods.

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- D. Be sure that all price adjustments have been applied and an authorization has been processed.

Example: Asphalt Recovery, pavement thickness and depth of reinforcement, pavement ride quality or other project charges.

When these questions have been addressed and actions taken, the Resident/Project Engineer will approve the reduction and submit the Construction Estimate Bi-Weekly Report to Financial Services, Contractor Payment Unit indicating the recommended amount to which the reserve is to be reduced.

This estimate shall not contain other items for payment. Unlike the normal Bi-Weekly Estimate, the estimate requesting reduction in reserve requires additional approvals.

On Local Agency Projects, the Resident Engineer will act on behalf of the District when they have written notice to the status of the above questions by the Local Agency Project Engineer. The Resident will then submit the reduction in reserve estimate along with the Contractors request to reduce the reserve to Financial Services Division, Contractor Payment Unit for processing.

Please advise your staff of this procedure. If the request for reduction in reserve does not have approval by the MDOT Resident/Project Engineer (MDOT Resident Engineer for Local Agency Projects) payment will be delayed.

Engineer of Construction

PFM:GT:BH:hr

cc:	Lansing Construction Division Engineers	MAPA
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	Engineering Services Division	MCA
	M&T Division	H. Linne, Maintenance
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